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## Letter Ruling 84-18: Supplies Used in Laundry and Linen Service

March 21, 1984

You request a ruling as to the application of the Massachusetts sales and use taxes to the purchase of supplies used by \_\_\_\_\_ ("Company") in its operations. The Company is engaged in the laundering and rental of clothing, linens, mops, and mats. The Company purchases soaps and soap additives, dye, starch, salt, bleach, fabric softener, marking nets, press covers and pads, dry cleaning solvents and detergents, sterilization supplies, stain removers, spotting agents, anti-static additive, sewing and mending supplies, and finishing and wrapping supplies.

Chapter 64H, Section 2 of the Massachusetts General Laws imposes a five per cent sales tax on retail sales of tangible personal property in Massachusetts. Chapter 64I, Section 2 imposes a complementary use tax on the storage, use, or other consumption in Massachusetts of tangible personal property purchased for storage, use, or other consumption in Massachusetts. For sales and use tax purposes, the definition of "sale" includes the rental of tangible personal property. (G.L. c. 64H, § 1(12)(a)).

Sales Tax Information Letter No. 2 (Q. 2) states that the furnishing, cleaning, and replacement of such items as "coats, trousers, caps, aprons, dresses, towels, diapers, etc." by a linen supply house are not subject to the sales tax because

"[t]he essential character of this type of rental is the furnishing of the periodic service of laundering or cleaning such articles....This rule only applies to those agreements where the value of the article of personal property furnished has no substantial relationship to the charge for the service rendered so that the charge is *for* laundering or cleaning and the value of the article furnished is inconsequential."

The Sales and Use Tax Regulation on Service Enterprises states that "[a] linen service is a consumer of linen supplies and of other tangible personal property." (830 CMR 64H.03(5)(d)).

Based on the foregoing, it is ruled that the Company is the consumer of the supplies used in its laundry and rental operations as described above. Therefore, the sales or use tax applies with respect to the Company's purchase or use of such supplies in Massachusetts.

Very truly yours,

/s/Ira A. Jackson  
Commissioner of Revenue

IAJ:JES:mf

LR 84-18

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